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Testimony of Attorney General Martha Coakley
Committee on Labor and Workforce Development
May 19, 2011

Thank you, Senator Wolf and Chairwoman Coakley-Rivera, for the opportunity to testify today on S. 915 and S.938, An Act Relative to Workers' Compensation Insurance. I have filed this legislation with Senators Clark and McGee as well as House Majority Leader Ron Mariano.

This legislation seeks to redress a discrepancy in our laws concerning workers' compensation insurance. Currently, an employer that does not carry workers' compensation insurance faces a misdemeanor charge under G.L. c. 152, §25C. At the same time, an individual that commits workers' compensation fraud faces a criminal felony charge under G.L. c. 152, §14.

The legislation we have proposed would align these two statutes so that both a fraud perpetrated on the workers' compensation system and a failure to carry this insurance would be met with the same punishment.

If the legislation were to pass, individuals convicted of not carrying workers' compensation insurance or attempting to defraud the system would face the same penalty, that is a fine of up to \$10,000 and/or a sentence of up to 5 years.

Currently, employers without workers' compensation insurance could face both a fine of not more than one thousand five hundred dollars and/or up to a year in prison. By enhancing this penalty, we will provide a more effective deterrent to those employers that consider operating

outside of the law.

Workers' compensation insurance is a crucial element of our social safety net, and passage of this legislation will actually benefit our business climate. Employers who fail to carry this insurance compete unfairly and exert an unfair advantage over those companies that do the right thing and follow the law. At the same time, when a worker is injured and no workers' compensation insurance is in place, it falls on society, and not the employer who profited from the labor of this worker, to make the injured individual whole.

In this era of limited resources in the public sector and heightened competition in the private sector, it is essential that we provide a level playing field for businesses. The changes proposed in this legislation will allow the Attorney General's Office to fairly and effectively prosecute those employers that fail to carry workers' compensation insurance.